



**ITEM: N129/06/2018: 2018/19 DRAFT MEDIUM TERM BUDGET FOR 2018/19 TO
2020/21 AND RELATED POLICIES**

PURPOSE

The purpose of this document is to submit the draft 2018/19 medium-term budget (MTB) for consideration by Council and community consultation of on the proposed tariff increases, projects and service delivery programmes.

STRATEGIC INTENT

In terms of Section 16(2) of Municipal Finance Management Act 56 of 2003, the mayor of the municipality must table the annual budget at least 90 days before the start of the financial year and should be adopted at least 30 days before the start of the relevant budget year.

FOR DECISION / CONSIDERATION BY

Council

EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the local wide financial plan is essential and critical to ensure that the Local remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.



The Local business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars no. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 82, 85, 86, 89 and 91 were used to guide the compilation of the draft 2018/19 MTREF.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water & sanitation, roads and electricity bulk infrastructure;
- The need to re-prioritize projects and expenditure within the existing resource structure given the cash flow strangulations and the cash position of the municipality;
- The need to fill critical vacancies and to attract skilled labour through competitive remuneration and conducive working environment;
- Affordability of capital projects – the municipal allocation relating to infrastructure grant associated with capital investment is limited (Municipal Infrastructure Grant), thus limit the functions of the Local in relation to bulk infrastructure investment for the budget year 2018/19 MTREF and beyond; and
- Availability and/or affordable capital/borrowing.



The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Guidelines issued by the National Treasury on the projected inflation adjustments upon which the budget is based.

ATTACHMENTS

- 2018/19 Draft Budget
- A1 Schedule- MSCOA
- Annexure 1- Proposed amendments on 2018/19 budget related policies

LEGAL IMPLICATIONS

Municipal Finance Management Act 56 of 2003

Municipal Systems Act, 2000

FINANCIAL IMPLICATIONS

As per proposed MTREF



COUNCIL RESOLUTIONS

That Council;

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the draft annual budget of the municipality for the financial year 2018/19; and indicative allocations for the two projected outer years 2019/20 and 2020/21; and the multi-year and single year capital appropriations be approved as set-out in the following tables:
 - 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
 - 1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.4. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be adopted as set-out in the following tables:
 - 2.1. Budgeted Financial Position;
 - 2.2. Budgeted Cash Flows;
 - 2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 2.4. Asset management; and
 - 2.5. Basic service delivery measurement.



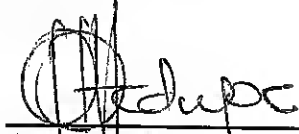
3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates that were used to prepare the estimates of revenue by source, be approved with effect from 1 July 2018.
4. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out Chapter 5 be approved.
5. That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the 2018 Integrated Development Plan as well as prioritized projects as set out in Budget be approved.
6. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including any amendments as set out in Budget and Annexure be approved for the budget year 2018/19.
7. That final Service Delivery and Budget Implementation Plan and Performance Agreements be concluded before 28 June 2018.

Cllr Snyman J.P voted against the adoption of the budget

Moved: Cllr. Medupe O.D

Seconded: Cllr. Molusi O.S

Signed:


Speaker/Mayor
Cllr Medupe O.D

Date: 14/06/2018.